

**Department of Legislative Services**  
 Maryland General Assembly  
 2016 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 1102 (Delegates Afzali and Carter)  
 Environment and Transportation

**Vehicle Laws - Special Registration Plates - Celebrating Maryland Native Plants and Pollinators**

This bill requires the Motor Vehicle Administration (MVA), in consultation with the University of Maryland Extension Home and Garden Information Center, to develop and make available a special registration plate celebrating Maryland native plants and pollinators. The bill specifies the classes of vehicle that may display the plate. The bill also establishes that MVA must charge, on initial registration, a one-time fee to recover the costs of issuing the plate. MVA must also charge an additional fee on both initial *and* renewal registrations, determined by MVA, to benefit the center. Finally, the bill requires MVA to adopt regulations related to the issuance of the special registration plates.

The bill takes effect July 1, 2016, and terminates June 30, 2022.

**Fiscal Summary**

**State Effect:** Transportation Trust Fund (TTF) expenditures increase by \$377,800 in FY 2017 to design the plate and make it available for purchase. TTF revenues increase, beginning in FY 2017 (by \$186,700, assuming the plate is available for purchase by January 1, 2017), due to the one-time cost-recovery fee established under the bill. Likewise, higher education revenues increase due to the additional fee that benefits the center; higher education expenditures increase correspondingly, as discussed below.

| (in dollars)   | FY 2017     | FY 2018   | FY 2019   | FY 2020   | FY 2021   |
|----------------|-------------|-----------|-----------|-----------|-----------|
| SF Revenue     | \$186,700   | \$373,400 | \$373,400 | \$373,400 | \$373,400 |
| Higher Ed Rev. | -           | -         | -         | -         | -         |
| SF Expenditure | \$377,800   | \$314,800 | \$319,700 | \$324,700 | \$329,900 |
| Higher Ed Exp. | -           | -         | -         | -         | -         |
| Net Effect     | (\$191,000) | \$58,600  | \$53,700  | \$48,700  | \$43,500  |

*Note: ( ) = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** Minimal.

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## Analysis

**Bill Summary:** To be eligible to receive the specially designed registration plate, the vehicle for which the plate is to be affixed must be a Class A (passenger), Class E (truck) with a manufacturer's rated capacity of one ton or less, Class G (trailer), or Class M (multipurpose) vehicle. The bill exempts specified persons from paying the additional fee required for the center, and no portion of the fee collected under the bill may be credited to the Gasoline and Motor Vehicle Revenue Account for specified distribution under the Transportation Article.

MVA must consult with the center on the design of the plate and the setting of the fee to be charged under the bill. The fee must be set at a level intended to encourage the purchase of the registration plate while providing a continuous revenue source to benefit the center. MVA must also consult with the center on a schedule under which MVA will transfer to the center revenue collected on the center's behalf.

**Current Law/Background:** Special registration plates, which include an unusual feature such as an emblem or logo depicting an organization, are available for eligible vehicles with payment of an additional fee. Special registration plates are also transferrable.

MVA issues several types of special commemorative geographical, historical, natural resource, and environmental registration plates (such as the Chesapeake Bay and Maryland agriculture plates), as well as numerous organizational registration plates. According to the National Conference of State Legislatures, as of July 2014, Maryland issues more than 700 special registration plates.

The University of Maryland Extension Home and Garden Information Center provides outreach education to Maryland residents statewide. According to its website, the center has been a national model for outreach education since 1990. The center's educators develop web resources and are engaged in social media, direct client consultations via email and phone, classroom instruction, hands-on training, and demonstration projects.

**State Fiscal Effect:** Although the bill has an effective date of July 1, 2016, MVA is not required to make the plate available until July 1, 2017. However, MVA advises it expects to begin offering the plate on January 1, 2017. Thus, expenditures are incurred and revenues are realized beginning in fiscal 2017. As the bill terminates June 30, 2022, the

plate will not be available for purchase after that date, and expenditures related to making it available are no longer incurred. Likewise, revenues associated with the cost-recovery fee and the additional fee to benefit the center are no longer realized after that date. Any plates remaining in use after June 30, 2022, are no longer subject to the additional fee at the biennial renewal of registration.

*Motor Vehicle Administration Expenditures and Revenues*

TTF expenditures increase by \$377,756 in fiscal 2017 for one additional customer agent, contractual reprogramming costs, plate design, and other costs associated with procuring and producing the special registration plates, including postage and supplies. The estimate includes a salary, fringe benefits, and ongoing operating expenses. Because MVA advises that new staff is not needed until January 1, 2017, concurrent with its plan to begin offering the plate, the estimate assumes existing staff handle the required coordination with the University of Maryland Extension Home and Garden Information Center and other aspects of preparing to issue the plate.

|   |                  |
|---|------------------|
| Position  | 1.0              |
| Salary and Fringe Benefits                                | \$27,194         |
| Computer Programming – Outside Vendor                     | 202,600          |
| Plate Design  | 10,000           |
| Other Plate Costs (Production, Postage, Special Handling) | 133,298          |
| Other Operating Expenses                                  | <u>4,664</u>     |
| <b>Total FY 2017 MVA Expenditures</b>                     | <b>\$377,756</b> |

Certain costs are fixed; others depend on the number of plates issued. For example, the computer programming and plate design costs do not change, while the postage and related supplies are estimated on a per-plate basis. Thus, costs could increase or decrease considerably from this projection, depending on the popularity of the plate. Future year expenditures reflect a full salary with annual increases as well as annual increases in ongoing operating expenses.

TTF revenues also increase, potentially significantly, beginning in fiscal 2017. Based on sales of Maryland’s current agriculture plates in the first year the plates were available, MVA estimates 16,235 individuals will purchase the plates annually. Because MVA does not anticipate offering the plates until halfway through fiscal 2017, approximately 8,118 individuals are expected to purchase the plates in fiscal 2017.

Assuming eventual cost recovery, MVA advises that it needs to set the one-time fee for the plate at \$23. Thus, TTF revenues increase by \$186,714 in fiscal 2017 and \$373,405 in fiscal 2018 and subsequent years, reflecting issuance of 8,118 and 16,235 plates in those years, respectively. To the extent that MVA is unable to begin issuing plates in January

2017 or the number of individuals who purchase the plates differs from the estimate, revenues may differ from those assumed in this analysis.

*University of Maryland Extension Home and Garden Information Center*

The bill requires MVA to consult with the University of Maryland Extension Home and Garden Information Center to determine the amount of the additional fee to be charged under the bill. That fee must be set at a level that will both encourage the purchase of the special registration plate and provide a continuous revenue source to benefit the center. The University System of Maryland (USM) advises that revenues from the additional fee for the special plate will be used to pay all expenses for a new Native Plant and Pollinators program; accordingly, additional positions and scholarships will be funded. USM has estimated the need for revenues based on its anticipated expenditures for such a program.

**Exhibit 1** shows USM’s revenue goal compared to the revenue that would be realized under a \$20 fee, assuming MVA’s plan of issuing plates by January 1, 2017, comes to fruition with the issuance of 16,235 new registration plates each year (one-half that amount in fiscal 2017). The exhibit illustrates the compounding effect of requiring the additional fee to also be paid with biennial renewal registrations.

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**Exhibit 1**  
**Special Registration Plate Revenue to Benefit the**  
**University of Maryland Extension Home and Garden Information Center**  
**Fiscal 2017-2022**

| <b>Fiscal<br/>Year</b> | <b>USM Revenue<br/>Goal</b> | <b>Registrations</b> |                |              | <b>Additional<br/>Fee</b> | <b>Total<br/>Revenue</b> |
|------------------------|-----------------------------|----------------------|----------------|--------------|---------------------------|--------------------------|
|                        |                             | <b>Initial</b>       | <b>Renewal</b> | <b>Total</b> |                           |                          |
| 2017                   | -                           | 8,118                |                | 8,118        | \$20                      | \$162,360                |
| 2018                   | \$350,000                   | 16,235               |                | 16,235       | 20                        | 324,700                  |
| 2019                   | 350,000                     | 16,235               | 8,118          | 24,353       | 20                        | 487,060                  |
| 2020                   | 500,000                     | 16,235               | 16,235         | 32,470       | 20                        | 649,400                  |
| 2021                   | 750,000                     | 16,235               | 24,353         | 40,588       | 20                        | 811,760                  |
| 2022                   | 800,000                     | 16,235               | 32,470         | 48,705       | 20                        | 974,100                  |
| <b>Total</b>           | <b>\$2,750,000</b>          |                      |                |              |                           | <b>\$3,409,380</b>       |

Note: The revenue projections assume issuance of 16,235 initial registration plates annually, with issuance beginning January 1, 2017, and setting the additional fee that benefits the center at \$20.

Source: University System of Maryland; Department of Legislative Services

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Higher education expenditures for the center also increase under the bill, but only to the extent that fee revenue is realized. If initial and renewal registration levels are lower than projected, MVA may need to adjust the fee upward in order to maintain the revenue stream for the center. Conversely, if registration levels are higher than expected, a lower fee may be charged or additional program enhancements may be undertaken. However, under the scenario in Exhibit 1, it appears that the center's projected expenditures would be fully covered each year, with revenue from fiscal 2017 making up for the slight shortfall in fiscal 2018.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** University System of Maryland, Maryland Department of Transportation, Department of Legislative Services

**Fiscal Note History:** First Reader - March 10, 2016  
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